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Dick's Dirty Money

By Jeffrey St. Clair

After serving for five years as Interior Secretary in the Bush Cabinet, Gale Norton, protégé of James Watt, quietly stepped down from her post whence she had been supervising the ongoing ruination of the American West. Norton's sudden exit was almost certainly hastened by the widening fallout from the corruption probes into Jack Abramoff and the retinue of clients and the politicians and bureaucrats he held on retainer. Abramoff, it will be recalled, performed some of his most extravagant shakedowns of clients, many of them destitute Indian tribes, seeking indulgences from the Interior Department.

To date, Norton has escaped being directly implicated in Abramoff's crimes of influence peddling and bribery. But her former chief deputy, super-lobbyist J. Steven Griles, who oversaw the oil and gas leasing on federal lands at the same time he remained on the payroll of his lobbying firm, may be entering in the crosshairs of the Abramoff investigation.

In a series of emails remarkable for their braggadocio and name-dropping, Abramoff advised his clients to donate money to an industry front group founded by Norton that promotes the privatization and industrialization of federal lands. In return, Abramoff bragged that he could offer them unfettered access to the top officials at the Interior Department, where their fondest desires would win a favorable hearing from people like Griles. In one instance, Abramoff claimed that Griles promised to block an Indian casino proposal opposed by one of Abramoff's clients. If Griles goes down, Norton may soon follow him into the dock.

To replace Norton, Bush called upon (**Kempthorne** *continued on page 5*)

Making Non-Sense of the Funding Cut-Off

Hamas and Israel's Right to Exist

By Virginia Tilley

To the great consternation of most of the world, the European Union, followed now by Norway and Canada, has halted aid to the Hamas-led government of the Palestinian Authority (PA). The stated reason is that Hamas as not recognized Israel's "right to exist" or "renounced violence," but the action so violates all common sense that its logic requires our closer scrutiny.

Let us first be clear: no conceivable good can come from this policy. It will slash the PA's capacity to govern a shattered and desperate population. It will wreck the capacity of Hamas to mediate and contain tense factional divides. It could even demoralize and destroy the Palestinians' long-standing commitment to democracy, ruining Palestinian political stability and, therefore, any possibility of peace negotiations. So why impose sanctions that can only result in dangerous disintegration of the political situation?

A certain withered diplomatic logic does underlie this measure. The PA itself was invented in 1995 to administer Oslo's implicit two-state solution. Hamas's refusal to recognize Israel's "right to exist" would seem to negate the diplomatic agreement that established the terms of its own authority. Until it agrees to those terms, the international community might deem that Hamas has rendered the PA's legitimacy uncertain.

Unfortunately for its proponents, this rationale has crashed on one glaring pitfall: the premise that Israel itself supports the terms of Oslo or the Road Map. Prime Minister Olmert has openly declared the "Road Map" a dead letter. His stated policy of "ingathering" settlers into the major West Bank settlement blocs is accepted by everyone as signaling Israel's intent permanently to annex major portions of the West Bank. The advancing Wall and settlement construction are ample material evidence that this plan is Israel's real program and is already half-achieved. No one disagrees that these developments signify permanent territorial dismemberment of any Palestinian "state." No one disagrees that the terms of Oslo have vanished like the morning mist.

It must, therefore, be evident even to the EU, Norway, and Canada that Israel has negated the diplomatic agreement that established the terms of its recognition by the Palestinians. So why pretend that Israel has not openly cast onto the trash heap of history the very peace deal that these countries now insist Hamas endorse?

The first answer is too obvious to belabor: craven capitulation U.S. pressure. The entire international community has been cajoled or threatened into continuing lip service to the Road Map while standing by passively as the U.S.A. and Israel render the Road Map obsolete. Diplomatic nonsense always requires some political or moralistic palliative, however. The cover story is that Hamas's recognizing Israel's "right to exist" and abandoning armed struggle will somehow restore the diplomatic conditions of the Road Map, trigger comprehensive Israeli withdrawals from the West Bank, and allow peace finally to break out. Let us take this argument step by step.

First, it is simply unbelievable. All agree that Israel's withdrawal of major settlement blocs in the West Bank (especially, the major cities of Ma'ale Adumim, Ariel, and Gush Etzion) is not foreseeable. The Israeli government itself has declared them permanent. No international actor or combination of actors has the political

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will and/or clout to change Israeli policy. Israel will not withdraw the major settlement blocs under any circumstances short of a national emergency. Hamas's suddenly waxing nice will not constitute that emergency.

Second, the argument adopts specious Israeli claims about Arab logic that only dwindling ranks of Israel's die-hard supporters still believe. Israeli propaganda holds that Arab "hatred" for Israel is irrational, born solely of Judeophobia, religious zealotry, and cultural backwardness, and that tough measures can, therefore, leverage Arab capitulation to reality even while the occupation continues. In this view, Israel's hold on the West Bank is not really an "occupation," serving a program of land annexation, but only a benign "administration," forced on Israel by collective Arab and Palestinian unwillingness to recognize Israel's "right to exist."

The funding cut-off endorses this fantasy in holding that Hamas has rejected Israel's authentic "promise of peace" due to its rejectionist Islamic dogma and not because Hamas has graphic evidence that Israel has no intention of permitting Palestinians a viable state. In this twisted view, cutting vital funds should make Hamas rethink this "irrationality," abandon its "extremism," recognize Israel's "right to exist," and end all hostile actions toward it. Hamas and the PA will then be rewarded (it is hinted vacantly) with a return to the Road Map.

Aside from its transparent tomfoolery (full awareness that the U.S.A. and Israel are eliminating the conditions for the Road Map as quickly as possible), deeper problems plague this papery notion. For if we look more closely at what Hamas is being asked to do, none of it makes sense either.

What does a "right to exist" mean exactly? There is no "right to exist" for states under international law. The formula has arisen in international diplomacy uniquely regarding Israel. It does not mean simply diplomatic recognition, which is the "fact" of existence. It does not mean recognizing Israel's "right to self-determination," either, or we would be using that famous term.

Let us pretend for a moment that Hamas is being asked to recognize Israel in the normal diplomatic sense. In this case, however, the EU position is unsupportable, because diplomatic recognition of a state routinely requires one bit of vital information: "right to exist" where? Israel's borders are not set. Even its plans for those borders are not known; with impressive brashness, Mr. Olmert has announced that we will not know (until 2010.

Is it Israel's right to pursue a policy of ethnic cleansing that is expressed in the phrase, "right to exist"?

It is entirely legitimate for Hamas to require firm confirmation of Israel's borders before recognizing it. It should also be incumbent on the international community to confirm where those borders will be before insisting that Hamas recognize Israel's "right" to them. Otherwise, recognizing Israel's "right to exist" could be construed to mean that Israel has a "right to exist" within whatever borders it chooses in coming years.

As the Palestinians stand to lose most of what is left of their homeland to this fuzziness, Hamas is refusing to endorse it. Is this extremist Islamic intransigence, warranting a funding freeze? Let us run a little thought experiment. (Would Canadian, or Norwegian, or English, or French governments be called on the international carpet for not recognizing the "right to exist" of a neighboring state that is, with military force, settling its own ethnically defined population within contiguous walled cities and enclaves in Canadian, Norwegian, English or French national territories, while promising to carve those nations into "cantons"? Absent clear borders, recognizing Israel's "right to exist" must mean something else. And of course it does. Clearly implicit in the term is Israel's right to exist as a Jewish state. In other words, the "right" Hamas is being required to endorse is that Israel can legitimately compose itself as a state in Palestine that is populated and run primarily by Jews, primarily for Jews. Such a state would thus be authorized by Hamas to sustain whatever laws and policies necessary to preserving its Jewish majority, even rejecting the return of Palestinian refugees mandated by international law. Or building a massive Wall on Palestinian land designed to protect the Jewish state from the "demographic threat" of mass non-Jewish citizenship, i.e., the Palestinians. Israel would also be legitimized for past actions on the same agenda, such as expelling the Palestinians from their homes in 1948, and for its future plans, such as confining Palestine's indigenous people to cantons.

Israel's leadership has declared all these measures necessary to preserve Israel as "a Jewish and democratic state," as phrased in Israel's Basic Law (and reiterated by Mr. Sharon, Mr. Olmert, and almost every Israeli party across the political spectrum). Yet it is not the fact of this open policy of ethnic cleansing, but Israel's right to pursue it, that is expressed in the phrase, "right to exist."

Hence bitter reluctance by the PLO, the Arab states, and much of the Muslim world to do so for many decades. They abandoned that position in 1989-90, as a pragmatic gesture toward a two-state solution. Cannot the EU then insist that Hamas recognize Israel's "right to exist" if the PLO, the PA, and all other governments in the world have recognized it?

The problem is that the quid pro quo that supported this recognition, formalized in the Oslo process, is now clearly wrecked by Israel's unilateral annexations of land. Carving the West Bank into cantons has eliminated any hope of a viable Palestinian state. The two-state solution is not working. In these conditions, should Hamas

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recognize Israel's "right to exist" if it is recognized to be eliminating Palestinian sovereignty altogether?

The more embarrassing problem, however, is that the EU itself has not explicitly recognized Israel's "right to exist" in this sense. Nor has Canada, or Norway. The United Nations has not done so either. They haven't, because they can't.

This may take some people by surprise, but the U.N. has not used the term "Jewish state" since 1947. Resolution 181 then called for a "Jewish state" and an "Arab state," with gerrymandered borders designed to craft Jewish and Arab majorities in each state. But the attempt was rendered obsolete when Zionist forces established "Israel" on a much greater swath of territory that had, in total, held a substantial Arab majority, and expelled most of the Arab residents. As refugees, according to the Geneva Conventions, those Arab residents have the right to return to their homes, villages, towns and cities. But their return would eliminate the Jewish majority in what became "Israel," so Israel hasn't allowed this.

Hence the U.N. cannot confirm Israel as a Jewish state (i.e., a state that can legitimately sustain a Jewish majority) without contradicting international law regarding the right of refugees. When the U.N. refers to "Israel" today, it does not understand Israel as the "Jewish state" in the old ethnic-majority terms of 1947, because Israel can be granted no "right" to an ethnic demography that would prevent the return of refugees.

Also, times have simply changed. In 1947, ethnic nationalism still made some belated sense, although it was already discredited by the dreadful abuses wreaked by Germany and Japan. Today, recognizing the "right" of any state to compose itself legally as an ethnic-majority state would clearly flout U.N. conventions on human rights and non-discrimination. The U.N. and EU, therefore, cannot openly endorse Israel's right to compose itself as one.

So the U.S.A. has lured the EU, Canada, and Norway into a trap. If they hold that Hamas must recognize Israel as a Jewish state (with a right to preserve an ethnic-Jewish majority), then they must state clearly that it endorses ethnic-majority governance. But they themselves cannot explicitly endorse Israel's right to ethnocracy, because it would contradict international law as well as its own diplomacy in a host of other conflict zones, so on what grounds does they require Hamas to do so?

Worse for them, they are adhering to international norms in insisting that the State of Palestine must comprise a stable democracy that secures equal rights for all its citizens irrespective of religion or race. But if they hold Palestine to this standard, then why are they not holding Israel to the same standard?

But if they did hold Israel to that standard, then the entire rationale for a two-state solution would evaporate. The Road Map is based on the supposition that the only peaceful solution in Palestine is to establish one state for Jews and another for everyone else. If Israel's "right to exist" does not entail sustaining a Jewish majority (which necessitates discriminatory legislation, ethnic cleansing, land grabs, and social engineering), then the ethnic logic supporting two states disappears. Why agree to compose two secular-democratic states sitting next to each other in this small land? No one can articulate an answer, because ethnic demography is their only rationale.

So what are the EU, Norway and Canada requiring Hamas to do? Recognize Israel as an ethnic state with a "right to exist" wherever it decides to set its borders –even though doing so would not only mean Palestinian national suicide but would violate principles that govern their own diplomacy as well as their own internal laws and values about nondiscrimination? Or is Hamas supposed to evade the issue by recognizing Israel's "right to exist" simply as a normal state, even though "normal" (non-ethnic) status would then obligate Israel to permit Palestinian refugees to return –) thus implying that the EU, Norway and Canada do not support Israel in sustaining a Jewish majority?

This conundrum should have diplomats, parliamentarians, and foreign ministries huddled trying to sort out their own positions, rather than attempting to starve the Palestinians. For it is not only the funding freeze that has become rampant nonsense. The entire Road Map logic has become nonsense, too.

May its dutiful proponents in foreign capitals lie sleepless contemplating their own confusion and the terrible bloody consequences it is likely to wreak. CP

Virginia Tilley is associate professor of Political Science, Hobart and William Smith Colleges.

The Israel Lobby

By Norman Finkelstein

In the current fractious debate over the role of the Israel Lobby in the formu lation and execution of US policies in the Middle East, the "either-or" framework — giving primacy to either the Israel Lobby or to U.S. strategic interests — isn't, in my opinion, very useful.

Apart from the Israel-Palestine conflict, fundamental U.S. policy in the Middle East hasn't been affected by the Lobby. For different reasons, both U.S. and Israeli elites have always believed that the Arabs need to be kept subordinate. However, once the U.S. solidified its alliance with Israel after June 1967, it began to look at Israelis – and Israelis projected themselves – as experts on the "Arab mind." Accordingly, the alliance with Israel has abetted the most truculent U.S. policies, Israelis believing that "Arabs only understand the language of force" and every few years this or that Arab country needs to be smashed up. The spectrum of U.S. policy differences might be narrow, but in terms of impact on the real lives of real people in the Arab world these differences are probably meaningful, the Israeli influence making things worse.

The claim that Israel has become a liability for U.S. "national" interests in the Middle East misses the bigger picture. Sometimes what's most obvious escapes the eye. Israel is the only *stable and secure* base for projecting U.S. power in this region. Every other country the U.S. relies on might, for all anyone knows, fall out of U.S. control tomorrow. The U.S.A. discovered this to its horror in 1979, after immense investment in the Shah. On the other hand, Israel was a creation of the West; it's in every respect – culturally, politically, economically – in thrall to the West, notably the U.S. This is true not just at the level of a corrupt leadership, as elsewhere in the Middle East but – what's most important – at the popular level. Israel's pro-American orientation exists not just among Israeli elites but also among the whole population. Come what may in Israel, it's inconceivable that this fundamental orientation will change. Combined with its overwhelming military power, this makes Israel a unique and irreplaceable American asset in the Middle East.

In this regard, it's useful to recall the

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rationale behind British support for Zionism. Zionist leader Chaim Weizmann once asked a British official why the British continued to support Zionism despite Arab opposition. Didn't it make more sense for them to keep Palestine but drop support for Zionism? "Although such an attitude may afford a temporary relief and may quiet Arabs for a short time," the official replied, "it will certainly not settle the question as the Arabs don't want the British in Palestine, and after having their way with the Jews, they would attack the British position, as the Moslems are doing in Mesopotamia, Egypt and India." Another British official judged retrospectively that, however much Arab resentment it provoked, British support for Zionism was prudent policy, for it established in the midst of an "uncertain Arab world… a well-to-do educated, modern community, *ultimately bound to be dependent on the British Empire*." Were it even possible, the British had little interest in promoting real Jewish-Arab cooperation because it would inevitably lessen this dependence. Similarly, the U.S. doesn't want an Israel truly at peace with the Arabs, for such an Israel could loosen its bonds of dependence on the U.S. , making it a less reliable proxy. This is one reason why the claim that Jewish elites are "pro"-Israel makes little sense. They are "pro" an Israel that is useful to the U.S. and, therefore, useful to them. What use would a Paul Wolfowitz have of an Israel living peacefully with its Arab neighbors and less willing to do the U.S.'s bidding?

The historical record strongly suggests that neither Jewish neo-conservatives in particular nor mainstream Jewish intellectuals generally have a primary allegiance to Israel – in fact, *any* allegiance to Israel. Mainstream Jewish intel-lectuals became "pro"-Israel after the June 1967 war when Israel became the U.S.A.' s strategic asset in the Middle East, i.e., when it was safe and reaped benefits. To credit them with ideological conviction is, in my opinion, very naive. They're no more committed to Zionism than the neo-conservatives among them were once committed to Trotskyism; their only ism is opportunism. As psychological types, these newly minted Lovers of Zion most resemble the Jewish police in the Warsaw ghetto. "Each day, to save his own skin, every Jewish policeman brought seven sacrificial lives to the extermination altar," a leader of the Resistance ruefully recalled. "There were policemen who offered their own aged parents, with the excuse that they would die soon anyhow." Jewish neo-conservatives watch over the U.S. "national" interest, which is the source of their power and privilege, and in the Middle East it happens that this "national" interest largely coincides with Israel's "national" interest. If ever these interests clashed, who can doubt that, to save their own skins, they'll do exactly what they're ordered to do, with gusto?

Unlike elsewhere in the Middle East, U.S. elite policy in the Israel-Palestine conflict would almost certainly *not* be the same without the Lobby. What does the U.S.A. gain from the Israeli settlements and occupation? In terms of alienating the Arab world, it's had something to lose. The Lobby probably can't muster sufficient power to jeopardize a fundamental American interest, but it can significantly raise the threshold before U.S. elites are prepared to act – i.e., order Israel out of the Occupied Palestinian Territories, as the U.S. finally pressured the Indonesians out of Occupied East Timor. Whereas Israel doesn't have many options if the U.S. does finally give the order to pack up, the U.S. won't do so until and unless the Israeli occupation becomes a major liability for it: on account of the Lobby the point at which "until and unless" is reached significantly differs. Without the Lobby and in the face of widespread Arab resentment, the U.S. would perhaps have ordered Israel to end the occupation by now, sparing Palestinians much suffering.

In the current "either-or" debate on whether the Lobby affects U.S. Middle East policy at the elite level, it's been lost on many of the interlocutors that a crucial dimension of this debate should be the extent to which the Lobby stifles free and open public discussion on the subject. For in terms of trying to broaden public discussion here on the Israel-Palestine conflict the Lobby makes a huge and baneful difference.

Especially since U.S. elites have no entrenched interest in the Israeli occupation, the mobilization of public opinion can have a real impact on policy-making – which is why the Lobby invests so much energy in suppressing discussion. CP

Norman G. Finkelstein's most recent book is *Beyond Chutzpah: On the misuse of anti-Semitism and the abuse of history.*

Michigan's Youth Used as Political Scapegoats by Dems

By Raymond Garcia

Michigan Governor Jennifer Granholm signed into law "what's called one of the nation's strictest public school curriculums" on April 20, 2006, claiming it would "help Michigan's economic revival". While it should obviously be patently absurd to link high school curriculum to the economic recovery of a thoroughly depressed state like Michigan, this action serves Governor Granholm quite well as she seeks re-election this year. It creates the illusion that poor high-school education is a key part of Michigan's economic problems, as well as the illusion that her action will correct the problem. The reality is that she is running for re-election on the backs of a demonized minority, youth, just as her political role model Bill Clinton did in 1996, with his welfare reforms that screwed the country's poor.

The educational bias in the new education guidelines for Michigan should be obvious by the new high-school graduation requirements that have "no opt outs": four years of English, three years of math, three years of science, and two years of foreign language. The Social Studies, Phys Ed and Arts requirements all have "opt out" clauses.

The bias against educating youth in history, civic government, humanities, creative arts, and physical activities isn't anything new, as the emphasis on standardized testing in K-12 education has clearly illustrated. What the new Michigan high school graduation requirements do is force all students onto the college prep track, whether they like it or not.

We can't provide decent jobs for most of our college/university graduates as it is (much less those with higher degrees), and yet we are mandating that this is the only possible track for high-school education for youth. As it stands, way less than half of U.S. high-school graduates go on to higher education, for any number of reasons, but future youth in Michigan are being forced into preparing for it, and our schools are going to be held responsible for making this fantasy a reality.

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That's not to say that the prep school model is awful. I met these requirements myself in high school, as did an overwhelming majority of the students I teach at Aquinas College in Grand Rapids and at Michigan State University. The problem lies in applying it to all high-school students, regardless of their future educational plans.

This is the realization of a long-term goal to force all youth through the same experiences that was a key impetus behind making high-school (education mandatory for all youth in 1935, as detailed in Thomas Hine's excellent book *The Rise and Fall of the American Teenager*).

Ask any junior high or high school teacher about these new graduation requirements, and they will tell you the obvious (devoid of political spin): more students will flunk out of high school before graduation.

Consider a recent *Chicago Tribune* lead article whose title put it succinctly, "Of 100 Chicago Public School Freshmen, Six will Get a College Degree." Obviously Chicago isn't in Michigan, but the message applies just as well to the equally troubled Detroit school system, among others. So our answer is to force all kids onto the prep school track. Even if the percentage of college grads increases by 100 per cent, a fantasy for sure, is it worth denying two or three times as many students (or more) access to a high school diploma, a basic requisite for any decent job?

This problem reaches far beyond the urban areas we've obviously decided to starve in terms of investment resources. Many districts on the edge of cities as well as small towns across the state will see a similar rise in students flunking out. Allegedly this problem will be accounted for, by "phasing in" the requirements, in the year 2011. It starts with today's 8th graders, in other words. As if we can make them all prep schoolers in five years, as if by next year we can have them ready to pass math courses through geometry and algebra-2 by then (stated requirements), among the other requirements. What are the Michigan governor and the legislature smoking?

What we need to do is to get youth interested in their own education, to make them care about what they are doing in the K-12 experience. Yet we are clearly moving in the opposite direction. Governor Granholm claims this strict model will better prepare students by giving them the tools to be productive workers. At the same time, high-school programs that offer "hands on experiences" are being shut down as funding is redirected, like wood shop, metal shop, auto shop, etc.

We have mandated constant testing, which forces educators to teach to the stupid tests (again, ask any jr. high/high school teacher), and now are mandating strict curriculum requirements that we know can't be met. At the same time, we are cutting educational investment in the arts and extra-curricular activities, the things that actually keep youth interested in their own education. Outside observers would conclude that we want youth to fail in their education. And you know what? They'd be absolutely correct!

Why are we setting youth up to fail? Put another way, why would a Democrat governor of Michigan sign on to this agenda? Because it looks as though we're doing something to help youth, even though we're actually screwing them.

Simply put, the undeserving (those that can't meet the prep school requirements) will have earned their sorry fate, as service workers, military sacrificial lambs, or prison residents. As opportunities become further stratified, we must justify harsh treatment of those with none.

Take it a step further, and you can clearly see social scapegoats being created here: public school teachers.

Now we expect achievement results, as if teachers can magically make students care about their least favorite courses. Guess who will be held up to public ridicule for rising drop-out rates? Not the legislative idiots who came up with the harsh requirements, not the governor running for re-election who signed it into law. Nope. It'll be those lousy public school teachers. And the unions that protect them – yeah, those damn teacher unions!

So now comes Michigan Governor Granholm, signing this absurd high-school requirements bill into law. Like Bill Clinton, with his welfare reform act of 1996, she's trashing a captive audience. After all, is it likely the teachers' unions will support Amway heir Dick DeVos. It's what Clinton did with people who believed in a social safety net but swallowed his destruction of welfare and any social safety net. Even worse, she's selling out future youth, just as Clinton sold out future poor folks who might need help. At least we'll have more reason to blame the poor for their own poverty, while congratulating ourselves on our own success. Hooray! CP

*(***Kempthorne** *continued from page 1)*

his old pal Dirk Kempthorne, the Idaho governor and former U.S. senator who once cherished notions, fantastical though they may have been, of the occupying the White House. In picking Kempthorne, Bush has once again demonstrated that mindless consistency, which will be one of his hallmarks as president. Far from moving to clean up an office sullied by corruption and inside-dealing, Bush tapped a man who has over the course of his 20 years in politics taken more money from timber, big ag (, mining and oil companies than any governor in the history of American politics, according a glowing profile in his own hometown paper, the *Idaho Statesman*.

Unlike many other western conservatives, Kempthorne doesn't hit up the religious right for money. He goes to straight to the corporations who want something done in Boise: J.R. Simplot, the potato king; Boise-Cascade, the timber giant; mining companies, such as ASARCO, Hecla, and FMC Gold; and the power companies. And Kempthorne gives them what they want. Kempthorne is Jack Abramoff without the middleman, decision-maker and lobbyist rolled into one.

Over the years, one of Kempthorne's most loyal political patrons has been the Washington Group International, a Boise-based company that functions like

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a mini-Bechtel. During Kempthorne's tenure as governor, WGI has contributed more money to the politician than any other interest. The company got immediate returns on its investment. With an assist from Kempthorne, WGI won the lucrative contract to manage Idaho's highways. The federal government scuttled the deal, saying the contract had been awarded illegally. The contract went up for bid again and, miraculously, Kempthorne once again picked WGI for the job.

With Idaho mired in a decade-long drought, water has become as contentious a political issue as oil in Alaska. Farmers, ranchers, and Idaho's powerful sportfishing industry formed a rare coalition last year intent on reforming Idaho's archaic water laws to give more water to ranchers and salmon. The bill moved through the state legislature with surprising speed, much to the irritation of the Idaho Power Company, the state's biggest water hog. Even Idaho Power's threat to jack up electric rates by millions of dollars didn't stall progress of the bill. So the company turned to Kempthorne, who flattened the bill with a veto. Idaho Power is Kempthorne's second largest political contributor.

The phone giant Qwest is Kempthorne's fourth biggest contributor. In 2004, Qwest approached Kempthorne with an urgent plea: the deregulation of pricing for landline phones in Idaho. When Kempthorne sent a message to the Idaho state legislature urging it to bow to Qwest's desires, it was met with a certain measure of hostility by Idaho residents, who viewed with some skepticism the phone company's that such a move would save them money in the long run. Even members of Kempthorne's party balked, and the bill went down to a narrow defeat. Over the next few months, Kempthorne disciplined recalcitrant Republicans and when the session opened in early 2005, the Qwest bailout bill sailed through and was signed into law by the governor.

This is all run-of-the-mill quid pro quo politics. But Kempthorne has been implicated in a more pungent scandal that may yet lead to criminal indictments of political and business associates. In 1999, a group of investors with close ties to Kempthorne fronted a scheme to build a satellite campus for the University of Idaho in downtown Boise. The project was named University Place and it called for the construction of three large buildings on prime real estate in the heart of the city.

Questions about the economic viability of the University Place project were swept aside by two of Kempthorne's closest friends, Phil Reberger and Roy Eiguren. All three men were University of Idaho alumni and members of the University of Idaho Foundation, responsible for financing the development. At the time of the University Place deal, Reberger, who had managed every one of Kempthorne's political campaigns, was governor's chief of staff. He also had a seat on the foundation board and had been appointed by Kempthorne to the Idaho State Building Authority. Eiguren, who is one of Kempthorne's top individual donors, served as the Foundation's vice-president at the same time he worked as a lobbyist for the project in the state legislation. He is also a senior partner in Givens Purlsey, a top Boise law firm that represented Capital Partners, the California construction company picked to build the project.

For the cash-strapped university financing was a problem from the start So Kempthorne, Reberger and Eiguren hatched two schemes. First, they would get the Idaho legislature to approve $163 million in state-backed bonds to fund the construction. Then they would ensure that the Idaho Department of Water relocate into one of the buildings, as a prime tenant and a key element in the viability of the project.

Both of these maneuvers may have skirted state and federal laws. A 2003 investigation by the state attorney general's office determined that the bid to move the Water Department into University Place might have been rigged from the top.

Meanwhile, the project proved to be a financial catastrophe, which compelled the university's president, Robert Hoover, to resign in disgrace and left the University Foundation $26 million in debt. The debt was mysteriously repaid in a secret settlement earlier this year.

The federal Department of Justice has opened a criminal investigation into the affair. Kempthorne's nomination is currently being blocked by Florida Senator Bill Nelson who wants the governor's assurance that he open the Florida coastline to oil drilling.

If Kempthorne remains in limbo long enough, there's an outside chance that he might be indicted before he ever gets the chance to step foot into the office once inhabited by the legendary swindler Albert Fall.

Jeffrey St. Clair's new book, *Grand Theft Pentagon*, is available from CounterPunch. Call *1-800-840-3683*

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